

March 16, 2010

WASHINGTON, DC - Yesterday, U.S. Rep. Michael Arcuri (NY-24) joined several colleagues in sending a letter to U.S. Treasury Secretary Timothy Geithner and U.S. Commerce Secretary Gary Locke urging them to take immediate action in response to China's currency manipulation, which negatively affects local manufactures in many cases.

"It is critical for our local economy that the unfair trade practices currently utilized by China be corrected," **Arcuri said**. "Without action we face the possibility of losing thousands of fair-wage manufacturing jobs. In my district alone, thousands of manufacturing jobs locally need to be protected so we must address unfair trade practices being utilized by countries like China. We must level the playing field for our local manufacturers and deliver the fairness in international trade that will benefit our Upstate economy."

"Chinese currency manipulation is a major job killer and I congratulate Congressman Michael Arcuri for supporting the strong measures outlined in the letter to Treasury Secretary Geitner and Commerce Secretary Locke," **M. Brian O'Shaughnessy, Chairman, Revere Copper Products said**

"Nucor appreciates Rep. Arcuri's leadership in urging the Administration to be aggressive in combating predatory practices by the Chinese government that have caused the loss of millions of American jobs," **said Mary Emily Slate, General Manager of Nucor Steel Auburn, Inc.** "There are existing tools that can be used by our government to encourage China to shape up and follow the international rules of free trade. It is critical we address these unfair practices in order to have an effective recovery, expand exports, and create the millions of new jobs that are needed. All we expect is that the rules our trading partners agreed to follow will be enforced -- there is nothing "protectionist" about that," Slate said.

The manipulation of the Chinese currency occurs because China pegs its currency, the renminbi (RMB), to the U.S. dollar at a fixed exchange rate. Economists estimate that this exchange rate undervalues the RMB anywhere between 15% and 40%. Maintaining its currency at a devalued exchange rate effectively provides a subsidy to Chinese companies and unfairly disadvantages foreign competitors. U.S. exports to the country cannot compete with the low-priced Chinese equivalents, and domestic American producers are similarly

disadvantaged in the face of subsidized Chinese imports.

The devaluation of the RMB also exacerbates the already severe U.S-China trade deficit. Statistics show that between January 2000 and May 2009, China's share of the U.S. trade deficit for non-oil goods grew from 26% to 83% -- an untenable pattern for American manufacturers. And finally, China's exchange-rate misalignment threatens the stability of the global financial system by contributing to rampant Chinese inflation and accumulation of foreign reserves.

BACKGROUND

Arcuri has continuously supported policies that protect American businesses from unfair trade practices and promote local job growth including:

- Fought to include "Buy America" provisions in the Recovery Bill to ensure that goods used in infrastructure projects are manufactured here at home from domestic raw materials.
- Sent letters in December 2009 and February 2010 to U.S. Department of Energy Secretary Steven Chu urging him to reject the \$450 million request for Recovery Bill Funding for a wind farm project in West Texas that plans to use turbines manufactured in China.
- Co-sponsoring of H. R. 2378, the Fair Trade Act, which would prevent foreign trading partners from manipulating their currency to gain an unfair advantage
- Co-sponsoring of H. R. 3012, the TRADE Act, which would mandate trade pact reviews, establish standards, protect workers and help restore congressional oversight of future trade agreements.

- Voted against the Peru Free Trade Agreement.
- In 2007, testified before both the House Ways and Means Committee and the International Trade Commission to advocate for legislation to address China's unbalanced trade practices and highlight the importance of enforcing and strengthening U.S. trade laws.

[Click here to view the letter sent to Secretaries Geithner and Locke:](#)